

# CRAFT BREWING AS AN ECONOMIC DEVELOPMENT STRATEGY

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THE NEW YORK STATE EXAMPLE



# COMPONENTS

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1. Agricultural Sector
2. License Reform
3. Economic Development Assistance
4. Gubernatorial Leadership

# I. AGRICULTURAL SECTOR

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- Key role of Land Grant University (Cornell)
  - Agricultural extension efforts
  - Shared harvesting equipment
  - Comprehensive supply chain analysis
- Other University Efforts
  - Hartwick College – beer quality testing kits
  - Morrisville College and Finger Lakes Community College – Bachelors and Associates degree programs



R.S. Taylor and Sons Brewery General Manager Owen Taylor pours a pint during a tasting held at his family's taproom in Salem, New York as part of the Cornell Cooperative Extension Harvest New York Farm-to-Pint Tour.

## 2. LICENSE REFORM

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- Changes in licensing requirements direct outgrowth of previous Governor's Summits
- 2012 Farm Brewery License
  - Permitted on-site tasting and sale of related products
  - Preserved a tax credit (personal and business taxes)
  - Requires local content
    - 20% local hops requirement grows to 60% in 2019, 90% in 2023
    - 20% malted barley
    - NYS had no malt houses before farm brewery license; 11 now
- 2016 ABC law update
  - Reduced paperwork and filing fees for craft breweries
  - Eliminated multiple license requirements

# 3. ECONOMIC DEVELOPMENT ASSISTANCE

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- Craft Breweries now a specific element of statewide economic development strategy
  - Comprehensive strategy similar to other emphasis sectors (biotech, renewables, photonics)
  - Empire State Development dedicated staff
- Businesses eligible for NYS grant and loan programs
  - Startup NY
  - Excelsior Jobs tax credit
  - Restore NY blighted areas tax credits
- Marketing partnership
  - Co-op advertising
  - Coordinated marketing
  - Taste of New York program
  - Industry research



# 4. GUBERNATORIAL LEADERSHIP

- Direct involvement by Governor:
  - Governor's 2012 Statewide Beer and Wine Summit
    - One-stop shop and Governor's Ombudsman for Craft Brewing industry
      - Explicit authority to cut through red tape; "The Governor is Calling"
      - Interacts with Commissioners of Health, Tax & Finance, Agriculture & Markets, Environmental Conservation, Liquor Authority
  - 2014 Summit
    - Allowed delivery of all products in one shipment
  - 2015 Summit
    - \$5 million marketing and promotion for industry
    - Salespeople can represent multiple craft breweries
    - Taste of New York promotion
    - Craft beverage week in NYC



# NEW YORK STATE RESULTS:

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- Micro breweries grew from 40 statewide in 2011 to 175 (and counting) today
- 174 farm breweries in operation since license was created 1/1/2013
- Rural areas, towns and cities including Craft Breweries strategy in local economic development plans
  - Farmland preservation to Main Street revitalization

# PILLARS OF A STATEWIDE STRATEGY IN NYS

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1. Regulatory Reform
2. Industry-specific assistance from crop to growler (Ombudsman)
3. Comprehensive statewide Craft Brew promotion effort
4. Personal leadership by Governor



**NEW YORK STATE**  
**BREWERS**  
**ASSOCIATION**